

- a. Purpose: This report provides the background and some lessons learned relating to the implementation of the Joint Base Operations and Support Contract and the activation of the Joint Performance Management Office.

2. Background:

- a. In 1995-96 KSC and 45 SW, at the direction of NASA HQ and the USSPACECOM, had looked at the feasibility of combining the 45 SW Launch Base Support (LBS) contract and the KSC Base Operations Contract (BOC). At that time the staffs determined that this was not feasible for various reasons. The idea was shelved.
- b. In early 1997 the NASA Administrator, Mr. Daniel Goldin, and the Commander- in- Chief of the U.S. Space Command, Gen. Howell Estes, signed an agreement that encouraged both organizations to look at ways to improve efficiencies by joint activities. NASA, code JX, asked KSC as part of implementing this agreement to see if there were some activities that might be more efficiently managed via a joint approach. The 45th Space Wing was asked by USSPACECOM to also look at joint opportunities.
- c. Based on this new joint agreement KSC and 45 SW relooked at the prior study. After some very direct involvement by Mr. Bridges, KSC Director, and BGen Starbuck, 45 SW Commander, the issues that were previously determined to preclude a joint approach to support services were found not to preclude such a joint contract. After several joint meetings between the two leaders and their staffs and with the concurrence of NASA HQ and USSPASCECOM HQ a small joint planning team was put together in June -July 1997 to develop a procurement approach.
- d. Both the LBS and BOC contracts were nearing the end so it was fortuitous that the time was right for such a joint approach. A decision was made to extend the LBS contract one year to Sept 30 1998 and the BOC contractor was advised that their contract would end in Sept.30 1998.
- e. In early August 1997 a joint NASA/ Air Force Procurement Development Team (PDT) of approximately 40 people was formed at KSC, co-chaired by Chris Fairey, KSC and Ed Gormel, 45 SW. The team developed an acquisition approach to select and award a Joint Base Operations Support Contract (J-BOSC) using a performance based contract following NASA procurement procedures while incorporating several AF best practices. This approach was approved by NASA HQ and the Air Staff. Upon this approval the PDT was then converted, on Nov 17 1997, to a joint Source Evaluation Board (SEB).
- f. While the SEB went about it's business; a joint NASA/ AF team was formed to establish an organization to manage the J-BOSC once it was awarded. This team broke down into sub teams to work the many issues related to activating a new joint organization called the Joint Performance Management Office (JPMO). Issues included organizational structure, NASA vice AF personnel policies, promotion potential, NASA v AF grade differentials, recruiting and selection processes, as well as providing a facility to house

the JPMO, funding procedures and to determine how the JPMO would fit into the KSC and 45 SW organizational structures.

3. The JPMO was activated on June 6 1998.

- a. It was agreed that the Executive Director would be a NASA SES as the J-BOSC is a NASA contract. Mr. Ed Gormel, an Air Force employee, was selected as the Executive Director of the JPMO, in this newly established NASA SES position. Mike Sumner, a NASA employee, was selected as his deputy. An additional 25 NASA and Air Force employees were selected to staff the new office. In excess of 400 NASA and Air Force employees applied for these new positions. An additional ten Air Force and NASA employees were hard matrixed to the JPMO. The JPMO as a joint agency became a member of both the KSC and 45 SW staffs.
- b. In June 1998 the AF provided temporary space in the E&L building on CCAS. The AF agreed to permanently house the JPMO on the second floor of Hangar I Annex CCAS. This space would not be available until after Oct 1 1998 when the current resident, the LBS contractor, would be departing. The E&L facility required extensive preparation since little had been done prior to the June 6 activation. As the staff increased over the next two months from the initial 11 employees to 36, additional temporary space was acquired by JPMO in the Cape Commander's building and in Hangar I.
- c. The JPMO was created using existing position authorizations from KSC and the 45SW. As a result of this a grade disparity soon became evident. With the exception of the Deputy Chief of the Integration Office all supervisory, management and lead positions were NASA positions. This would lead to significant morale problems as the office matured
- d. A major problem facing the JPMO was getting connectivity to 45 SW and KSC computer applications. The two organizations had very little connectivity between them. A great deal of effort was necessary to overcome the many obstacles faced in getting the two organizations to develop an information technology (IT) compatible system. It took JPMO employees over two months to get adequate computer support. It was agreed that JPMO would reside on the 45 SW IT network pending relocation to the permanent facility in Hangar I Annex. Subsequent to relocation, JPMO was provided NASA contract computer services on the KSC network Domain, via the 45SW network backbone. When 45 SW firewall restrictions were tightened in June 1999, access to KSC IT applications was significantly impeded. A team of 45SW and KSC specialists worked very hard to develop a more responsive system. This working Group continues to pursue a network solution that complies with IT security regulations of both Government organizations while promoting joint Cape Canaveral Spaceport future needs.
- e. Upon activation the JPMO staff of initially 11 NASA and AF employees set about drafting a surveillance plan, forming Integrated Product Teams (IPT), developing IPT charter guidance, drafting customer briefings, drafting award fee processes,

developing joint funding mechanisms and going about all the many administrative tasks required of a new joint organization. This included getting vehicles, telephone service, fax and copier service and obtaining office space and desks and chairs for the staff. There was very little actual preparation by either 45 SW or KSC to standup the organization.

- f. A major initial task was identifying/ clarifying who the J-BOSC customers were and then scheduling briefings for them on the new contract. Approximately 22 customer briefings were presented in the Aug. - Sep 1998 timeframe. The goal was to get to all customers before the Oct 1 1998 contract start date. These briefings were very important in getting the word out to a very large customer base.
- g. Effective at the contract transition start of Sept 6 1998 the JPMO held daily coordination / tracking meetings with the new J-BOSC contractor. The outgoing BOC and LBS contractors attended these daily meetings throughout Sept. This was very effective in resolving numerous issues. Issues were formally identified, controlled, and tracked to closure. They covered personnel, facilities, logistics, property control, administrative, communication, computer issues/policies. Many issues were clarified and resolved at these daily meetings.
- h. Prior to the activation of the JPMO, at the direction of NASA HQ, KSC had just been ISO 9001 certified. The JPMO was not included as part of the certification. It was decided that JPMO would be certified in mid 1999 as part of the KSC recertification. This caused some confusion for the JPMO, as the Air Force does not have an ISO 90001 certification program. Many of the tasks performed by JPMO are Air Force vice NASA processes. JPMO took an aggressive approach in ensuring certification through a solid training program and working very closely with the KSC Business system. All JPMO processes were incorporated into the KSC Business system. The KSC Business Innovation Group conducted an internal audit of JPMO processes in April 1999. JPMO processes were found to be in compliance with ISO requirements and JPMO was added to the KSC certificate in June 1999 after a third party audit by DNV, the KSC ISO registrar.
- i. A major issue facing the JPMO, KSC and 45 SW management was developing new relationships and responsibilities for the non-JPMO KSC and 45 SW employees who had previously been providing oversight of the BOC and LBS contracts. There were about 200 government employees who had been performing this task, some full time, others as additional duties. Many of their tasks were assumed by the JPMO. While some of these employees were assigned as functional representatives on the JPMO led Integrated Product Teams, many of their jobs were changed or eliminated. This is an area that requires a lot of preplanning. KSC did not remove any employees but reassigned them to other functions. The KSC Installation Operations Directorate developed informative Tasks and Transition Plan that identified functions transferred to JPMO and to J-BOSC. The 45 SW did eliminate some positions through an ongoing reduction in force. The reluctance of both Air Force and NASA offices to give up contract oversight has been an ongoing challenge to implement both performance based

contracting and the concept of using contract insight by the government vice the old oversight.

- j. The issue of grade disparity between the NASA and Air Force staff that originally created in the management positions perpetrated across all JPMO positions. As previously mentioned when the JPMO was activated both agencies agreed to use existing staffing authorizations. This allowed ease in getting the necessary positions. However this led to the problem of having NASA employees doing basically the same job as the Air force employee but at one grade higher. This was a definite morale and fairness issue. The Air Force was not agreeable to make blanket grade adjustment ups and NASA did not want to look at reclassifying any NASA positions. It was agreed to address the disparities on a case by case basis. As new positions became available the Position Descriptions (Pd.) were reviewed to ensure they accurately reflected the duties of the position. In addition, current PD's were reviewed and adjusted based on a year and half of experience to accurately reflect the duties of the positions. This long-term approach appears to be working.

4. The J-BOSC was awarded on Aug 21 1998 to Space Gateway Support (SGS).

- a. A transition start date of Sept 8 1998 was established with a contract start of Oct 1 1998. SGS is a joint venture formed just to compete for the J-BOSC contract. It is composed of Northrup Grumman, ICF Kaiser, and Wackenhut corporations. IT Corporation subsequently purchased ICF Kaiser.
- b. SGS immediately started their hiring process. They proposed a work force of approximately 2500 people to include their subcontractors vice the approximately 3200 people employed by the prior BOC and LBS contractors and their subcontractors. This potentially disruptive activity was handled relatively smoothly by SGS. SGS did not initially hire some of the key personnel from the BOC and LBS staffs. They had to later rethink this approach. Within the first few months of the contract start SGS hired several key people from the old LBS and BOC contracts who possessed the skills required for the specific work to be accomplished.
- c. The close out of the BOC and LBS contracts went fairly smoothly. Both contractors, EG&G and Johnson Controls World Services, although losing large high visibility contracts that they had held for many years, were cooperative and generally helpful to SGS. They attended daily transition meetings hosted by JPMO with SGS from Sept. 8-30 1998.
- d. The contractor faced the same IT problems that the JPMO had in trying to set up a joint operation managing the three locations from one location. The 45th SW and KSC separate firewalls provided significant problems. The contractor had to work many work arounds with KSC and 45th SW IT contractors. As of this date the issue is still unresolved.
- e. The contractor proposed a Web based on-line management information system. It was to be phased in over a 18-24 month period. It would have been more effective

- to have this system up and running at close to the start of the contract. However the government did not require this and as a result there have been management problems due to the lack of such a system during the first 18 months.
- f. During the first month of the contract the contractor was faced with several high level missions to support to include STS -95, the John Glenn flight, with support to the President and many other VIP's, as well as several key AF launches and a KSC Open House. It was agreed that they handled these high level events in an excellent manner.
 - g. One area of major concern came to light in Feb. 1999 relating to cost accounting by the contractor. SGS was having major problems in accurately identifying costs by fund source and charging their work to the correct customer. In addition it was apparent that the contractor was going to probably overrun the contract cost estimate. There were also some problems caused by the different government customers on how they wanted to see their costs. This problem was brought to the attention of Mr. Bridges and BGen Starbuck who put together a Correction Action Team (CAT) to fix the problem. This team consisted of members from KSC, 45th SW, SGS, and JPMO. The team spent many hours over a three-month period to correct the problems. They provided weekly updates to Mr. Bridges and BGen. Starbuck and their staffs. As a result of the CAT's work the contract cost system was put on the correct track. It was apparent that more work should have been done on the cost accounting system prior to contract start. The NASA and AF cost systems are different and the contractor is required to provide data to meet both systems. This requires a lot of joint planning prior to implementation.
 - h. A unique aspect of the J-BOSC contract is Work Breakdown Structure 4.0. The intent is to reinvest savings brought about by this new joint contract back into the KSC and 45 SW infrastructure. The contract value includes \$25M per year. The program was not fully implemented in the first year due to funding unavailability and a lack of a clear execution process. The \$25M target for FY 99 was reduced to \$3 M and the award fee adjusted accordingly. Initial assessment of the program has been favorable. KSC kept these savings locally and was effective in reapplying them to 4.0 projects. The AF did not retain identity of the saved funds thus had more difficulty in reapplying the saved funds to base infrastructure projects.
 - i. While the J-BOSC was being implemented the Air Force was establishing new policy on base support for new customers of the Eastern Test Range. The JPMO worked with 45 SW planners in addressing this new policy and how it would impact the J-BOSC. This will have particular impact on support to the two Evolved Expendable Launch Vehicle contractors as they prepare to establish new launch facilities on the Cape.
 - j. Safety became an issue early in the contract. The SGS lost time injury and severity rates significantly exceeded the KSC three-year average. There was no clear cause identified other than possibly employees working in new areas in some high vulnerability work functions. The government was not satisfied with the emphasis being placed on safety by the contract. This was noted in the first award fee period report.

5. Board of Directors

- a. A Board of Directors (BOD) was established in Nov 1997 to provide joint management of the JPMO and to provide strategic direction for the J-BOSC. The BOD was initially chaired by the KSC Center Director with the 45 SW Commander serving as vice chair. The Chair serves as the fee-determining official for the J-BOSC. These positions rotate every two years starting with the contract award on Oct 1 1998.
- b. The BOD meets on a quarterly basis to review further joint opportunities and issues, the status of the contract, and recommend to the fee determining official the semi-annual award fee. In practice very few substantive issues were brought to the board. They primarily just focused on award fee related issues. This is an area for further development.
- c. The JPMO established a very effective award fee determination procedure to gather information from the many customers and IPT's, coordinate the report with the contractor and present it to the BOD in a timely manner. The JPMO was commended by NASA HQ Procurement Office on their process for the first award fee period. It was completed well ahead of agency time criteria.
- d. To keep the BOD advised on issues between the meeting times the JPMO developed a very effective newsletter that was well received.

6. Other Lessons Learned:

- a. A significant issue faced by both the JPMO and the J-BOSC contractor was the need for an Information Technology infrastructure that allows connectivity to all areas supported by the function being performed. This was not considered in planning for either the JPMO or the J-BOSC. This should have been worked concurrently with the SEB.
- b. The J-BOSC is based on financial/ budgeting support from two different NASA and Air Force systems. This was not fully addressed by the SEB. The significant cost issues that came to light in Feb. 99 could have been prevented by some better planning during the SEB phase.
- c. When converting to a Performance Based Contract using insight vice oversight there is a need for a lot of planning on what the large government staff who did the oversight are going to do when you go to insight requiring a significantly smaller government staff. This issue was not fully addressed. This should be addressed during the SEB timeframe to include briefing the government staff on their new roles and to start personnel actions to retrain and relocate government employees to their new assignments.

- d. The JPMO has had to spend considerable time obtaining functional area buy-in as many functionals do or do not understand the contract or made strong attempts to go back to the old way of doing business.
- e. The J-BOSC has one 5 year contract price vice an annual contract price within the 5 year contract basic period. This has presented a problem in trying to determine contract value for each award period and in trying to manage the contract to the governments annual FY planning and budget execution. It would have been better to price the contract on an annual basis.

PEOPLE

- The reluctance of both NASA and AF offices to give up contract oversight has been an ongoing challenge to implement both performance based contracting and using contract insight. When converting to a PBC using insight vice oversight there is a need for a lot of planning on what the large government staff who did the oversight are going to do when you transition to insight requiring smaller government staff.
- A learning curve existed for both AF and NASA personnel to understand the organization structure, culture and terminology differences so as not to misinterpret something being said. (i.e. NASA C of F vs. USAF MilCon)
- All Lead positions with the exceptions of Integration Office Deputy were NASA positions and this resulted in significant morale problems. Inequities existed in ability to provide same level of award fee dollars to NASA and USAF personnel. Civil Service Grade Disparity and Award Dollars Conflict between NASA & Air Force Workforce assigned to JBOSC (Morale and Fairness Issue)

ENVIRONMENT

- IT issues surrounding connectivity to two different domains (NASA & AF). A significant issue faced by both the JPMO and J-BOSC contractor was the need for an INFORMATION technology infrastructure that allows connectivity to all areas supported by the function being performed. The contractor Management Information System is incompatible with other government and contractor systems.
- Different cost accounting methods and the requirement by customers to see data in different formats created problems. Two Agencies Accounting/Financial Systems extremely difficult for government and contractor. One system should be used. Budget cycles to Agency Headquarters are out of phase. How to allocate costs using cost pools between Agencies and Agency Customers (cost sharing arrangements for certain functions)
- There was no established meeting between J-Champs and management to develop comprehensive Areas of Emphasis. This led to unnecessary work on the part of J-Champs because they would focus on areas not of concern to management.
- Need more lead time and more preparation to standup the organization

- A significant issue faced by both the JPMO and J-BOSC contractor was the need for an INFORMATION technology infrastructure that allows connectivity to all areas supported by the function being performed.
- Expected commercial launch market, USAF (AFSPC) issues Base Support Policy June 98', confused the EELV customers.

CONTRACT

SEB:

- Not enough information was received during the proposal submission phase of the SEB. Lack of detail in the Statement of Work makes it difficult to assess contractor performance. Not enough characteristics of the work to be performed were included to make the work statement clear. The SEB should have been the entity to develop and determined what will be included within the Statement of Work. In this case the SEB provided technical tasks descriptors to with the contractor responded to with a SOW. These were insufficient in detail to include the government's expectations.
- A contract change to the incumbent contract during the SEB was a problem.
- Without providing guidance as to how the proposal should be written the SEB received multiple style and formats making it difficult to analyze and review.
- It is appropriate during major contracting decisions within the contract (descope/layoffs, etc.) to inform the BoD when letters are sent to the contractor to proceed on issues that have major impact.
- Should problem scenarios be used during the SEB process to facilitate the evaluation of potential contractors?
- During the review of contract proposals be aware of any potential for an organization being perceived as having an unfair advantage. This will set the timeline back for award because of lengthy legal review.

TRANSITION:

- . Management was unaware that certain categories of the workforce are terminated immediately upon receipt of a layoff notice. Heightened sensitivity with regard to layoffs. Medical employees are removed immediately upon notice with two weeks severance pay. This is done to prevent mismanagement of sensitive medical data by potentially frustrated or angered employees.
- The contractor proposed a phased in approach to their Web-based management information system. It would have been more effective and eliminated a lot of problems had it been on-line from the beginning
- Metrics should be established as part of the initial contract to include the areas to be measures, the source of the data, what the data represents and where is the data maintained and frequency it will be provided. Need to have a consistent approach to metric development.

Contract implementation:

- The J-BOSC has one 5-year contract price instead of an annual contract price within the 5-year contract basic period. This has presented problems with determining

contract value for each award fee period and in trying to manage the contract to the governments annual FY planning and budget execution. Contract values negotiated for the contract period (five years) does not allow for accurate monitoring of cost shortfalls or overruns per annum or award fee period. No requirement exists for the contractor to submit recurrent status updates of how they are executing their annual plan.

- The contractor did not initially hire many of the old LBS and LOC management staff. This was later corrected to some degree to help provide the expertise and skills required to accomplish the job.
- .CCR process was not well defined. Initial attempts were delayed due to lack of process.
- Some documents generated by the contractor are not provided to the government. The contractor may perceive some documents generated in support of the contract as proprietary, especially in the cost and budgeting area.
- The mid-term report was as extensive as the semi-annual reports, requiring a lot of time from IPT leads and J-Champs. The process does not need to be so extensive and time consuming.
- Anticipated Savings Not Realized
- Fee Determination Officials may have different policy when determining award fee score
- Catalog of Services....
- Concerns developed regarding the wording in the contract that stated inventory items could not be reimbursed until there were issued. This creates problems for the contractor in maintaining an inventory of large ticket items and tying up significant funds.
- The initial contract did not include a replacement schedule for nonaccountable equipment or furniture.
- Section B of the contract is not easily modified. Does not allow for complicated development and formatting of sections of the contract for they result in making it difficult to modify.
- Merging Collective Bargaining Agreements (CBAs) costly to the Government
- Mandated compliance requirements and conflicting regulations between Two Agencies (resolve prior to contract award). Multiple standards for common requirements. Standardize NASA and DOD processes. Accommodations for differences in NASA and Air Force philosophies, Requirements and Resources. One Agency (NASA contract) gets limelight. Reluctancy of one agency giving up control/oversight to other agency.